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SUBJECT: NGO SCORES VICTORY WITH VOLUNTEERISM LAW

¶1. In an encouraging victory for self-governance, on September 14, the GOAM approved a draft law pushed by a civil society NGO. The law would recognize the concept of a volunteer employee, and put a stop to tax inspectors' insistence that cash-strapped NGOs pay social security and income taxes for unpaid workers, as if they were paid staff. (NOTE: The Professionals for a Civil Society NGO received a Democracy Commission grant to fund the campaign. END NOTE.)

¶2. The draft has been in the works since late 2004, when the Media Group NGO won a first-instance court case against the local social security agency, which had attempted to collect social security payments for unpaid volunteers. The ruling was overturned in appeals. In addition to social security payments, NGOs have been expected to pay income taxes and contribute to state pension funds of volunteer workers exactly as though they were paid employees, according to Counterpart International's Arsen Stepanyan. Most NGOs in Armenia depend on volunteer labor, particularly in between projects, when even an organization's executive director might work on a volunteer basis. Stepanyan said the tax and social security collectors don't recognize the concept of a volunteer employee, and routinely accuse NGOs of paying employees under the table.

¶3. COMMENT: The law will go next to the National Assembly, where we do not believe it will encounter substantial opposition. This will be a victory of both process and substance for Armenia's civil society sector; process because it marks successful legislative advocacy and substance by freeing NGOs to take advantage of much-needed unpaid labor. This legal change is also a necessary pre-condition for local NGOs efforts to become true grassroots movements, instead of (according to widespread local perception) wholly-owned subsidiaries of international donor organizations. END COMMENT.
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